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1. COMMENT ON RETURN OF SOVIET OFFICIALS TO MOSCOW

As of 12 August at least 362 Soviet officials have returned to Moscow since early June from 42 of the 53 nations with which the Soviet Union maintains diplomatic relations. This number does not include dependents of foreign service officers.

In addition to some 25 ambassadors, of whom five have now returned to their foreign posts, and large numbers of lesser diplomatic officials,

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There has as yet been no unusual movement of military or naval attachés, despite unconfirmed reports that a conference of all attachés from the Middle East has been called by Marshal Zhukov. foreign correspondents who worked with Shepilov and Molotov are also slated for recall and removal, and at least one Pravda correspondent in Rome has suddenly left for the USSR.

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It seems likely that

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returned to the USSR for briefings and consultations.

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The large number of returnees also raises the possibility that some may be removed or reassigned.

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2. SOVIET PARTY CENTRAL COMMITTEE REPORTEDLY
WILL MEET SOON

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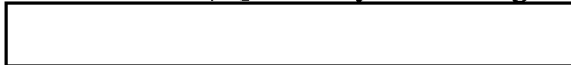
The Soviet Communist Party's central committee is scheduled to meet during the latter part of August or early September to deal with the activity of Soviet trade unions, according to a dispatch by the Moscow correspondent of the Italian Communist Party paper L'Unita.

Comment

L'Unita's Moscow correspondent, Giuseppe Boffa, has recently been a fairly reliable source for this kind of information, and the party central committee would presumably be called upon to approve measures worked out by the trade unions to define their role in the Soviet Union's new system of industrial management and improve their organizational structure. The All-Union Central Council of Trade Unions met 11-12 June to deal with these problems, and turned over responsibility for the details to its presidium, which by now should be ready to report to the party central committee.

The plenum may well also have been called to hear Khrushchev review the international situation and report on the results of his recent talks with Tito and the trips to Czechoslovakia and East Germany. Other problems which might be discussed are the Sixth Five-Year Plan, not yet approved in final form, and top-level personnel assignments in the party and the government, possibly including the question of Bulganin's status.

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3. KHRUSHCHEV REPORTEDLY ASSURES ULBRICHT OF CONTINUED SUPPORT

Khrushchev, shortly after his arrival in East Berlin on 7 August, honored Party Secretary Ulbricht as the "most faithful of all the faithful," and gave the

SED leadership his blessing,

During his visit Khrushchev repeatedly assured the East Germans of Soviet support for the SED position that German reunification can only be brought about through confederation of the two existing German states.

Khrushchev's endorsement, which reportedly has given SED leaders new optimism and confidence, is probably intended not only to assure that no East German Communists will dare oppose Ulbricht, but also to warn revisionists throughout the Soviet bloc that "the unity of the socialist camp" must be maintained.

4. YUGOSLAV OFFICIAL COMMENTS ON TITO-KHRUSHCHEV TALKS

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[Redacted] Acting Foreign Secretary Prica on 8 August, in a conversation with Ambassador Riddleberger on the recent Tito-Khrushchev talks in Rumania, reiterated that the Yugoslav viewpoint was unchanged on major issues. Prica said that Yugoslavia had not expected the meeting to resolve outstanding problems between Moscow and Belgrade, but that Tito was encouraged by Khrushchev's "open-minded and receptive attitude" toward Yugoslav policy.

Prica revealed that there had been considerable argument over the substance and form of the communiqué, with the Yugoslavs rejecting a long Soviet draft. The result was a short, unsigned press "communiqué."

Prica firmly rejected any idea of Yugoslav participation in a revived Cominform, and emphasized the Yugoslav doctrine that the "international workers' movement" includes "all socialist parties."

While admitting that Zhukov had been influential in gaining support for Khrushchev during the Moscow crisis, Prica tended to play down his importance, and remarked that his power may have been overestimated. In the Yugoslav view, the situation in the USSR could not be explained merely in terms of personalities: the USSR was in a state of ferment resulting both from de-Stalinization and pressure from below for reforms.

Although he would not specify how liberalization of Soviet policies toward the satellites would be manifested, Prica expects that such developments will occur, perhaps sooner than anticipated in the West.

5. NEW RUMANIAN SHAKE-UP RUMORED

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Rumors are current in Bucharest that new changes in Rumania's political leadership are likely in the near future, according to the American legation.

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Certain members of First Secretary Gheorghiu-Dej's immediate circle of advisers have been attacked on grounds of economic incompetence by leading party intellectuals, and some stories assert that Gheorghiu-Dej may be in danger of losing his pre-eminent position. One legation source reports that Rumanian journalists have received no regime-approved line since the July shake-up in Rumania.

Comment

Recent signs of lack of direction by the regime probably are more a reflection of uncertainty and confusion, both within the party and among the populace, than of any real threat to Gheorghiu-Dej's position. Until now Gheorghiu-Dej has shown skill in adjusting to changes in the Kremlin; the recent demotion of politburo members Constantinescu and Chisinevschi was reportedly a personal victory. The regime has kept pace with the other satellites in carrying out such measures as decentralization, which are generally associated with Khrushchev, although the country's economy remains in poor shape.

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6. GROWING PRESSURE ON NEHRU TO RETIRE AS PRIME MINISTER

Criticism of Prime Minister Nehru and talk of his retirement as government leader reportedly are growing in the Indian cabinet and in the Congress Party high command. Concurrent reports picture Nehru as increasingly despondent and ineffectual.

The question of Nehru's continuance in office apparently has been discussed more seriously during the last three months than at any time in the past, as concern has grown over the economic crisis and the Congress Party's loss of vitality.

in May Nehru was considering resigning and his top aides felt he was no longer able to deal effectively with the country's problems.

Cabinet sentiment in favor of Nehru's resignation now reportedly is broadening to the extent that only a few of his closest associates, such as Defense Minister Krishna Menon, have not been identified with groups seeking his retirement.

Nehru's colleagues probably cannot force his retirement. Any decision by the 67-year-old Nehru is likely to be his alone. While in his present depressed frame of mind he might feel inclined toward relinquishing his responsibilities, his final decision probably would depend on whether he felt the alternative to his personal leadership would be more beneficial for the country.

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7. INDONESIAN ELECTIONS

Preliminary returns from the 10 August elections in West Java show the Communists well in the lead of their principal rival there, the Masjumi party. They

reportedly have won a major victory in Bandung, the provincial capital. If this early trend continues, the Communists will repeat their considerable gains in the recent Central and East Java elections, where they made substantial inroads into the Nationalist Party vote of 1955 and, on the basis of still unofficial counts, polled a plurality.

Some leaders of the three major non-Communist parties, alarmed by these gains in Java, have announced a desire to cooperate with each other against the Communists, but their plans appear highly indefinite.

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